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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:	)	Chapter 11
	)	
FLETCHER INTERNATIONAL, LTD.,	)	Case No. 12-12796 (REG)
	)	
Debtor.	)	
	)	

**PERIODIC REPORT REGARDING VALUE, OPERATIONS AND PROFITABILITY  
OF ENTITIES IN WHICH THE ESTATE OF FLETCHER INTERNATIONAL, LTD.  
HOLDS A SUBSTANTIAL OR CONTROLLING INTEREST**

This is the report as of December 31, 2013 on the value, operations and profitability of those entities in which the estate holds a controlling interest, as required by Bankruptcy Rule 2015.3. The estate of Fletcher International, Ltd. ("FILB" or the "Debtor") directly or indirectly holds a substantial or controlling interest in the following entities:

Name of Entity	Interest of Estate	Tab #
The Aesop Fund Ltd.	100%	1
Fletcher International Partners L.P.	76%	2
BRG Investments, LLC	100%	3

According to Official Form 26, a periodic report (the "Periodic Report") should contain a report ("Entity Report") on the value, operations, and profitability of the entity listed above. Each Entity Report shall consist of three exhibits (as applicable). "Exhibit A" contains a valuation estimate for the entity as of a date not more than two years prior to the date of this report. It also contains a description of the valuation method used. Where applicable, "Exhibit B" contains where appropriate a statement of income (loss), statement of cash flows, and a statement of changes in shareholders' or partners' equity (deficit) for the period covered by the

B26 (Official Form 26) (12/08) – Cont.

Entity Report, along with summarized footnotes.<sup>1</sup> “Exhibit C” contains a description of the entity’s business operations.

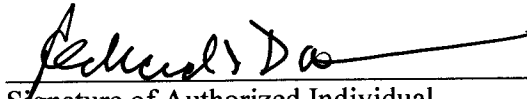
**Disclaimer:**

**The financial statements, schedules and explanations accompanying the Periodic Report as of December 31, 2013 are subject to ongoing investigation and review by the Chapter 11 Trustee and his advisors, the results of which may necessitate adjustments that may have a material impact on the financial statements and schedules taken as a whole. Each item may be subject to reclassification, re-characterization and/or adjustment, and the Chapter 11 Trustee reserves all rights with respect to the amount, classification, characterization and explanation of each item reported herein. Nothing set forth in this Periodic Report shall be deemed a waiver of the Chapter 11 Trustee’s right to challenge the amount, characterization and/or classification of any asset, liability or equity interest.**

**THIS REPORT MUST BE SIGNED BY A REPRESENTATIVE OF THE CHAPTER 11  
TRUSTEE OR DEBTOR IN POSSESSION.**

The undersigned, having reviewed the above listing of entities in which the estate of Fletcher International, Ltd. holds a substantial or controlling interest, and being familiar with the Debtor’s financial affairs, verifies under the penalty of perjury that the listing is complete, accurate and truthful to the best of his knowledge.

Date: March 19, 2014

  
\_\_\_\_\_  
Signature of Authorized Individual

Richard J. Davis  
\_\_\_\_\_  
Name of Authorized Individual

Chapter 11 Trustee for Fletcher International, Ltd.  
\_\_\_\_\_  
Title of Authorized Individual

<sup>1</sup> No financial statements have been provided as the entities are currently not operating or are dormant.

**TAB 1**

**The Aesop Fund Ltd.**

## **Exhibit A – Valuation Estimate**

As of December 31, 2012 (the “**Petition Date**”) the Debtor valued its investment in The Aesop Fund Ltd. (“**Aesop**”) at approximately \$4.2 million based on the application of the equity method of accounting. As described in Exhibit C, Aesop’s assets consist of a receivable with a purported value of \$3.8 million from FIA Leveraged Fund (“**Leveraged**”) and an investment in Leveraged with a purported value of \$0.4 million.

Leveraged, an affiliate of the Debtor, was placed under liquidation on April 18, 2012 by the Grand Court for the Cayman Islands (the “Cayman Islands Court”) with Robin Lee McMahon and Roy Bailey of E&Y as the joint official liquidators of Leveraged (the “JOLs”).

The Chapter 11 Trustee has elected to maintain the valuation of the Debtor's interest in Aesop at \$4.2 million - the value provided by the Debtor as at the Petition Date.

## **Exhibit B – Financial Information**

As described in Exhibit A, Aesop's main assets are a receivable and an investment in Leveraged, a fund in liquidation. The Chapter 11 Trustee has elected to maintain the valuation of the Debtor's interest in Aesop at \$4.2 million - the value provided by the Debtor as at the Petition Date. Additionally, the Chapter 11 Trustee disputes the Investment Advisory Fees and Financial Services Fees.

### **Exhibit C – Description of Business**

Aesop was incorporated in the Cayman Islands on December 4, 2009. Its Offering Memorandum dated December 2009 states that Aesop's main investment strategy was to manage an investment portfolio that would "generally consist of long positions in listed and unlisted securities including equity securities of public companies that the Investment Manager believes to be attractively valued." The investment manager for Aesop was New Wave Asset Management Ltd. who charged a 2.0% management fee per annum. The administrator was Richcourt Fund Services who charged a monthly financial service fee equal to the greater of \$1,000 or 0.01% (12 basis points per annum) of the Net Asset Value.

As described in Exhibit A, as of the Petition Date, Aesop's main asset was a receivable owing to Aesop from Leveraged with a purported value of \$3.8 million. Aesop was formerly a holder of certain Series 1 Class shares in Leveraged. On or about November 1, 2011, Aesop's investment in the Series 1 Class shares in Leveraged was redeemed in-kind through the issuance to Aesop of Series 6 Class (Euro Class) shares in Leveraged. Aesop subsequently redeemed €3.0 million of its €3.3 million investment in the Series 6 Class shares and thereby became a redemption creditor of Leveraged.

The \$3.8 million receivable owing to Aesop from Leveraged is the redemption receivable that arose from Aesop's redemption of the Leveraged Series 6 Class shares, while the \$0.4 million investment in Leveraged represents the €0.3 million balance not redeemed.

The recoverability of the investment in Leveraged and the collectability of the receivable due from Leveraged are subject to liquidation proceedings in the Cayman Islands.

**TAB 2**

**Fletcher International Partners L.P.**

### **Exhibit A – Valuation Estimate**

As of June 29, 2012, (the Petition Date, the Debtor valued its investment in Fletcher International Partners L.P. (“**FIP L.P.**”) at approximately \$0.02 million based on the application of the equity method of accounting. Under the equity method of accounting, the Debtor adjusted the carrying value of its investment in FIP L.P. during each reporting period to reflect its proportionate share of FIP L.P.’s earnings and losses as well as any distributions received from FIP L.P. during the period. In February 2013, the FIP L.P.’s only asset, a receivable from Lehman Brothers International Inc. was settled and the cash received by the Debtor. The entity had no value as of December 31, 2013.



**Exhibit B – Financial Information**

FIP L.P. is a dormant entity (and has been dormant since at least 2008) with no known liabilities. As discussed in Exhibit A, in February 2013, the FIP L.P.'s only asset, a receivable from Lehman Brothers International Inc. was settled and the cash received by the Debtor. FIP L.P. had no value as of December 31, 2013.

### **Exhibit C – Description of Business**

The Limited Partnership Agreement of Fletcher International Partners L.P, dated as of December 21, 1998 (as amended, the “**Partnership Agreement**”), provides that FIP L.P. was formed as a Cayman Islands exempted limited partnership by The Fletcher Polaris Fund, as general partner. FIP L.P. is currently a dormant entity.

**TAB 2**

**BRG Investments, LLC**

## **Exhibit A – Valuation Estimate**

As described in Exhibit C, Fletcher International Inc., (“**FII**”) returned certain assets back to the Debtor, including 100% of the membership interests in BRG Investments, LLC (“**BRG**”) in a reversal of the transactions effected in April 2012 (the "April 22 Transactions"). As discussed in Section C, BRG has a number of partial and wholly-owned subsidiaries and investments as listed below:

1. Lowercase Ventures Fund I, L.P. (“Lowercase”) - according to the Lowercase Statement of Partner’s Capital as of September 30, 2013, BRG was an approximately 1.2% limited partner, and its capital account had a balance of approximately \$1.3 million.;
2. Intellitravel Media Inc. a/k/a Budget Travel ("Intellitravel") - as disclosed in Exhibit C, Intellitravel obtained Bankruptcy Court approval to dispose of its asset for \$2.4 million and the assumption of certain assets and liabilities.
3. MV Nepenthes, LLC ("MV Nepenthes") - through a partial settlement between the Chapter 11 Trustee, BRG and MV Nepenthes, LLC ("MV Nepenthes"), Magic Violet, LLC ("Magic Violet") and Geoffrey Fletcher, BRG received approximately \$622,000 ; and
4. The Fletcher Dividend Income Fund LLC ("FDIF") - the Chapter 11 Trustee intends to liquidate BRG's position in FDIF as part of the plan.

**Exhibit B – Financial Information**

BRG is currently not operating and the assets it holds are described in Exhibit C - see Exhibit C for a description of BRG's assets and investments.

## **Exhibit C – Description of Business**

BRG Investments, LLC is a limited liability company formed in Delaware on December 15, 2009. According to its former director, Moez Kaba, BRG was formed to allow the funds to make small cap investments in media companies. FILB provided the initial \$5 million capital contribution to BRG in exchange for 5,000 common shares. As part of the April 22 Transactions, FILB's ownership interest in BRG was purportedly transferred to FII. This transfer was undone by the Chapter 11 Trustee and approved by the Bankruptcy Court. Over the years, FILB increased its investment in BRG through additional equity contributions totaling approximately \$21.3 million. BRG has a number of partial and wholly-owned subsidiaries and investments, including Lowercase, Intellitravel, MV Nepenthes and FDIF. Each is described below:

### **1. Lowercase Ventures Fund**

Lowercase is a venture capital fund that primarily invests in technology companies. Currently, Lowercase's three largest investments are in Uber Technologies, Twitter, and Facebook. On May 4, 2010, BRG invested \$50,000, and on October 8, 2010, BRG invested an additional \$20,000 for a total investment of \$70,000. BRG remains committed to provide an additional \$30,000 of capital. However, the Trustee has been informed by the investment manager that it does not anticipate making a capital call. Through May 2013, Lowercase has returned approximately \$102,000 to BRG.

### **2. Intellitravel Media Inc.**

Intellitravel is a media company that produces both print and electronic versions of a budget travel magazine. It does business under the name Budget Travel. In December 2009, BRG acquired a 100% ownership interest in Intellitravel from an affiliate of the Washington Post. According to the Stock Purchase Agreement dated December 15, 2009, the transaction consideration was \$1.00, and interest in FDIF preferred shares with a stated value of \$1 million, and up to \$700,000 of working capital financing. Information gathered to date by the Chapter 11 Trustee indicates that, beginning on March 4, 2010, BRG also has loaned Intellitravel a total of approximately \$3.7 million. FDIF purchased \$2.5 million of the \$3.7 million Intellitravel Note during 2011 and 2012 from BRG. The company is now in Chapter 11 proceedings in the United States Bankruptcy Court for the Southern District of New York (Case No. 12-14815 (ALG) and is in the process of being sold. On March 3, 2014, after an auction, the Bankrupt Court approved the sale of substantially all the assets of Intellitravel Media Inc. to Lonely Planet USA, LLC. Lonely Planet USA, LLC presented the "highest and best bid" of \$2.4 million in cash and the assumption of certain assets and liabilities.

**Exhibit C – Description of Business (cont...)**

**3. MV Nepenthes**

MV Nepenthes is a New York limited liability company formed on June 22, 2010. Originally, Fletcher Asset Management ("**FAM**") was the sole member, but FAM distributed a \$1.1 million interest to Alphonse Fletcher on September 2010 as a dividend in kind. Between September 2010, and December 2012, BRG contributed approximately \$7.7 million in cash to MV Nepenthes, ending up with approximately an 86% ownership interest in it. The remainder of MV Nepenthes is owned by Magic Violet LLC ("Magic Violet"), a company owned by Alphonse Fletcher's brother Geoffrey Fletcher. In September 2010, Magic Violet purchased its interest in MV Nepenthes from Alphonse Fletcher in exchange for a \$1.1 million promissory note. MV Nepenthes' only asset is the rights to the feature motion picture Violet & Daisy, which was written and directed by Geoffrey Fletcher. The picture had an unsuccessful United States theatrical release in June 2013. On December 30, 2013, the Bankruptcy Court approved the partial settlement between BRG and MV Nepenthes, Magic Violet, and Geoffrey Fletcher. The partial settlement resulted in a payment of approximately \$622,000 from MV Nepenthes to BRG.

**4. Fletcher Dividend Income Fund LLC**

FDIF was initially a wholly-owned subsidiary of FILB. FDIF is a limited liability company formed in Delaware on December 31, 2009. FDIF's stated strategy as defined by the Limited Liability Company Agreement dated December 31, 2009, was "to seek substantial dividend income and consistent annual profits by investing in investment grade securities and various private investment funds managed by [FAM]". In addition to its investment activities and its acquisition of the Intellitravel debt, in February 2010, FDIF purchased from FILB a \$1.7 million loan to Vanquish Fund Ltd. ("Vanquish"). Vanquish repaid that loan in full in August 2011. At formation, FILB was FDIF's sole owner. On December 31, 2009, BRG transferred \$1 million worth of FDIF Preferred Class A shares to Newsweek, Inc. ("Newsweek"), as partial consideration for the purchase of Intellitravel. To date, Newsweek has been paid \$600,000, and is owed an additional \$400,000. FILB's interest in FDIF was later transferred to BRG, and BRG continues to hold 100% of the common shares of FDIF.

As of December 31 2013, FDIF's assets consisted of United States treasuries worth approximately \$403,000 and approximately \$38,500 in cash, and the Intellitravel debt. As of the Petition Date, FDIF's primary liability was \$400,000 owed to The Washington Post Company (the "Post") resulting from BRG's acquisition of Intellitravel in December 2009. On December 2, 2013, the Bankruptcy Court approved the settlement between BRG, and The Post and The Daily Beast Company LLC. Under this agreement, BRG shall pay the Post \$475,000 to obtain final and general releases from the Post for losses resulting from the litigation by G&S Realty 1, LLC for unpaid past and future rents.